

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

IN RE:

CIRCUIT CITY STORES, INC., *et al.*

Debtors.

*
*
*
*
*
*

Case No. 08-35653

Chapter 11

**COMMONWEALTH OF VIRGINIA DEPARTMENT OF TAXATION'S RESPONSE TO
LIQUIDATING TRUST'S OBJECTION TO CLAIM NOS. 12898 AND 14636**

COMES NOW the Commonwealth of Virginia, Department of Taxation ("the Department"), by counsel, and files this Response to the Trust's Objection and in support thereof states as follows:

1. The Department does not dispute the background/factual and legal allegations contained in paragraphs 1-12 of the Trust's Objection.
2. The allegations contained in paragraph 13 of the Trust's Objection are denied. The Department is without knowledge as to the Debtors' tax compliance under the state and local laws and regulations of California. Further, the Department disputes the Debtors were universally compliant in their Virginia tax filings and reports.
3. The allegations contained in paragraphs 14 and 15 are admitted.
4. The Department denies that the Trust is entitled to the relief sought in paragraph 16.

Mark K. Ames, VSB #27409
Taxing Authority Consulting Services, P.C.
P.O. Box 71476
Richmond, VA 23255
(804) 649-2445
mark@taxva.com

5. The allegations contained in paragraphs 17-19 are admitted.
6. As to the Trust's Objection to the Department's claim number 14636 in the amount of \$500,000.00, the Department consents to disallowance of this claim as the sales tax audit bill listed in this claim as an estimated amount is included in a final and lesser amount on Claim number 12898.
7. The allegations contained in paragraph 20 are denied. The Department's claim number 12898 constitutes a priority claim in the current amount of \$1,906,996.00 and an unsecured claim of \$72,000.00 for sales/use and corporate income taxes assessed against the Debtors as described in detail below.
8. Bill Number 01366 was assessed on November 18, 2008, against the Debtors as the result of a corporate income tax audit for the period March 1, 2004 through February 28, 2005. The balance on this bill as of the petition date was \$670,490.19 including \$158,666.88 in pre-petition interest
9. Bill Number 01369 was assessed on November 18, 2008, against the Debtors as the result of a corporate income tax audit for the period March 1, 2005 through February 28, 2006. The balance on this bill as of the petition date was \$730,472.39 including \$133,161.37 in pre-petition interest.
10. Bill Number 22548 was assessed on June 26, 2008 against the Debtors as the result of a sales and use tax audit for the period January 2001 through February 2005. The balance

Mark K. Ames, VSB #27409
Taxing Authority Consulting Services, P.C.
P.O. Box 71476
Richmond, VA 23255
(804) 649-2445
mark@taxva.com

on this bill as of the petition date was \$439,441.19 including \$191,172.97 in pre-petition interest.

11. Bill Number 60227 was assessed on January 22, 2009, against the Debtors as the result of a sales and use tax audit for the period May 2005 through September 2008. The current balance on this bill is \$66,592.43 including \$16,138.56 in pre-petition interest.
12. To the extent the Debtors or the Trustee are in possession of records relevant to the Department's claim and to the extent it is asserted that the Debtors' records are inconsistent with the claim asserted herein, the Department denies that the records so asserted are an accurate reflection of the Debtors' true and correct tax liability to the Department and in opposition to any such assertion the Department responds that its assessments are presumptively correct as provided by *Code of Virginia* § 58.1-205.
13. The Department does not take issue with the procedural statements/requests contained in paragraphs 21-24 of the Trust's Objection.

WHEREFORE, the Commonwealth of Virginia, Department of Taxation, requests that the Court overrule the Trust's objection to its claim, as well as award any other relief to which it is entitled.

Commonwealth of Virginia
Department of Taxation

BY:___/s/Mark K. Ames_____

Mark K. Ames, VSB #27409
Taxing Authority Consulting Services, P.C.
P.O. Box 71476
Richmond, VA 23255
(804) 649-2445
mark@taxva.com

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Response to the Trust's Objection to Claims was sent this 14th day of March 2011 to the Trust's counsel via ECF.

/s/ Mark K Ames
Mark Ames

Mark K. Ames, VSB #27409
Taxing Authority Consulting Services, P.C.
P.O. Box 71476
Richmond, VA 23255
(804) 649-2445
mark@taxva.com